



# **City of Wichita Park and Recreation Department Golf Division**

**Park Board Presentation**

**August 10, 2011**

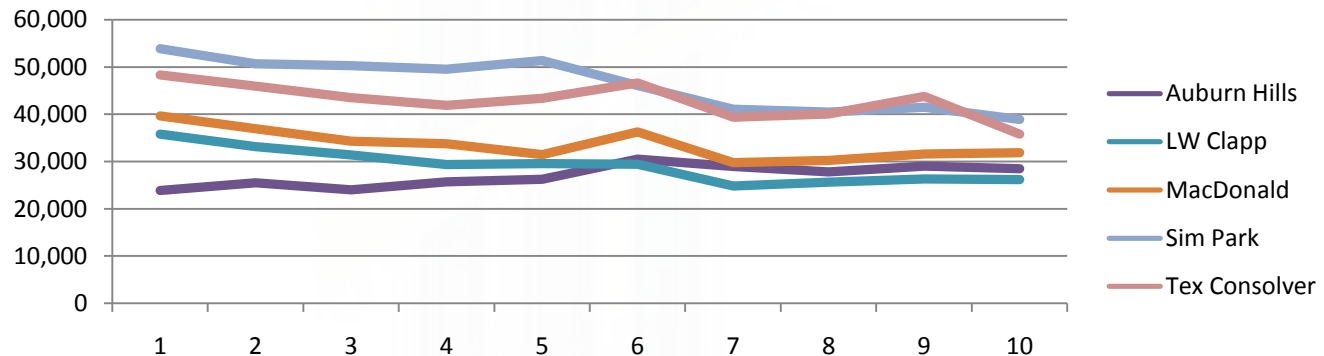
# Golf Sustainability Review

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Number of Rounds Played										
Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*
Population	344,284	352,878	354,674	354,261	353,090	354,340	356,299	360,729	366,046	366,046
Auburn Hills	23,842	25,502	23,996	25,711	26,237	30,531	28,933	27,767	29,030	28,492
LW Clapp	35,765	33,109	31,387	29,353	29,571	29,409	24,846	25,654	26,299	26,176
MacDonald	39,636	36,953	34,299	33,734	31,420	36,263	29,753	30,203	31,576	31,837
Sim Park	53,861	50,675	50,254	49,508	51,358	46,071	41,072	40,446	41,421	38,878
Tex Consolver	48,292	45,948	43,481	41,908	43,348	46,608	39,409	40,070	43,770	35,796
<b>Total Rounds</b>	<b>201,396</b>	<b>192,187</b>	<b>183,417</b>	<b>180,214</b>	<b>181,934</b>	<b>188,882</b>	<b>164,013</b>	<b>164,140</b>	<b>172,096</b>	<b>161,179</b>

•Lowest round total in 15 years.

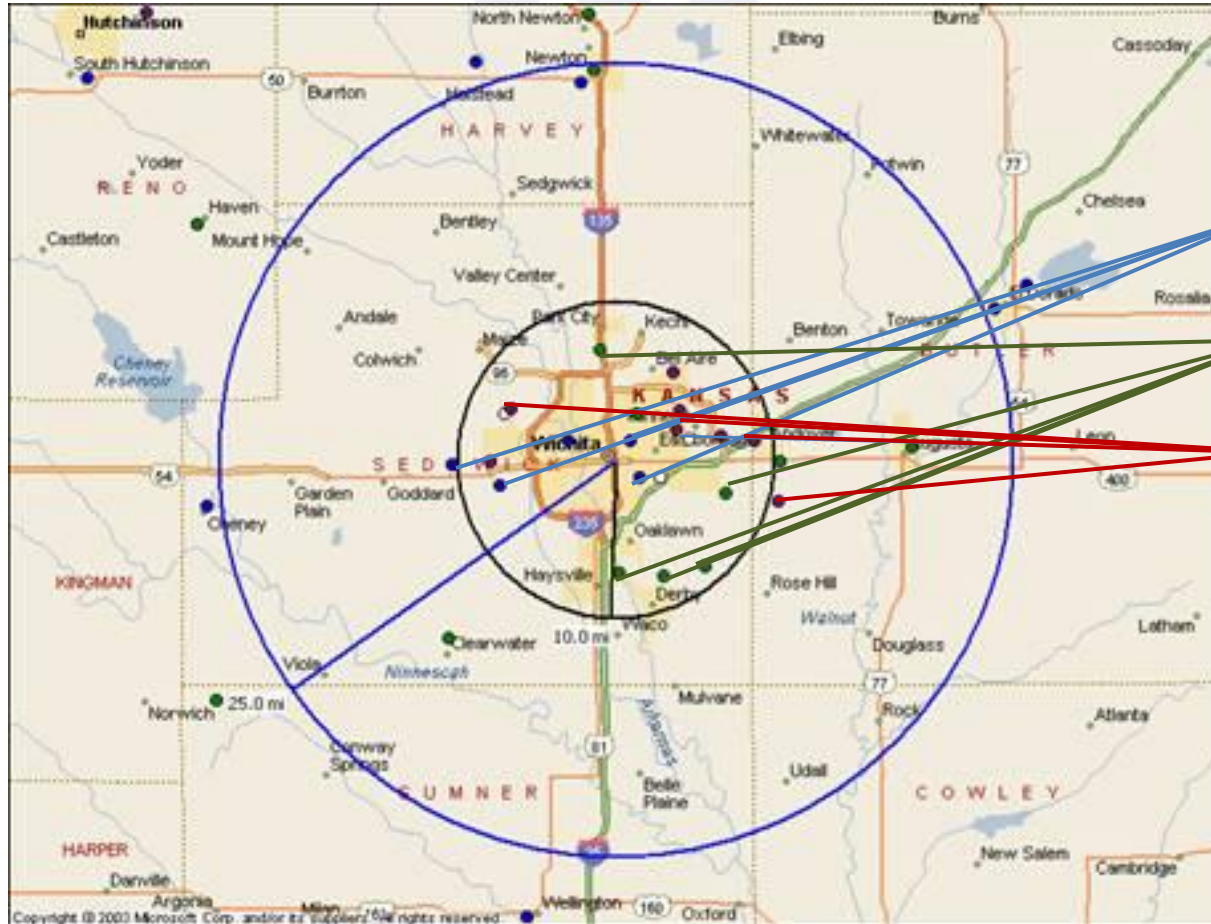
# Golf Supply in Wichita

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As of January, 2011, the 10-mile ring has 315 holes of golf, 171 of which are public access. The 25-mile ring contains 405 holes; 243 are public access.

# Golf Sustainability Review: Proposed CIP Project Schedule

Planned Improvements	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total by Course
Golf - Auburn Hills Clubhouse Renovation									\$130,000	\$130,000
Golf - Clapp - Clubhouse Construction				\$900,000						\$1,080,000
Golf - Clapp - Parking Lot		\$80,000								
Golf - Clapp Pump Station	\$100,000									
Golf - Consolver - Bunker Renovation					\$500,000					\$1,260,000
Golf - Consolver - Clubhouse Renovation		\$360,000								
Golf - Consolver - Parking Lot		\$400,000								
Golf- MacDonald - Clubhouse Construction							\$1,500,000			\$1,950,000
Golf - MacDonald - Driving Range						\$450,000				
Golf - Sim - Clubhouse Renovation			\$130,000							\$210,000
Golf - Sim - Maintenance Building								\$80,000		
Golf - Cart Bridges									\$1,500,000	\$1,650,000
Golf - Parking Lots	\$150,000									
Total	\$250,000	\$840,000	\$130,000	\$900,000	\$500,000	\$450,000	\$1,500,000	\$80,000	\$1,630,000	\$6,280,000

# Fund Accounting: Enterprise Fund

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**Generally Accepted Accounting Principles** (GAAP) requires state and local governments to use the enterprise fund accounts for “**business-type activities**” – activities similar to those found in the private sector. Business type activities include services primarily funded through user charges.

# Fund Accounting: Enterprise Fund

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While many other recreation programs are subsidized by the General Fund, the City of Wichita has a long history of **not** subsidizing the Golf System. The system has operated based on internally generated revenues since at least 1978.

# Fund Accounting:

## Debt Service and Debt Service Fund

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The Debt Service Fund (DSF) references a fund supported by a mill that is dedicated to paying GO Bonds. The DSF has subsidized the Golf System in payment of debt service. This practice, however, is not in line with the DSF's specified purpose.

Enterprise funds are expected to pay for all debt service out of their operating budget. The DSF has paid \$3.8 million in principal over the last 10 year that the Golf System has been unable to pay. City expectations are that the Golf System will repay all DSF money.



# Pro-Forma: Explanation

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(in millions)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Golf Revenues</b>	\$4.058	\$4.208	\$4.341	\$4.136	\$4.204	\$4.288	\$4.374	\$4.466	\$4.555	\$4.645	\$4.738	\$4.832	\$4.929	\$5.027
<b>Operating Costs</b>	\$3.879	\$4.019	\$3.842	\$3.773	\$3.978	\$4.116	\$4.220	\$4.327	\$4.437	\$4.550	\$4.666	\$4.785	\$4.907	\$5.032
<b>Net Operating Margin</b>	\$0.179	\$0.189	\$0.499	\$0.363	\$0.226	\$0.172	\$0.154	\$0.139	\$0.118	\$0.095	\$0.072	\$0.047	\$0.022	(\$0.005)

**Net Operating Margin** – Reflects the difference between Golf Revenues and Operating Costs.

Total Debt Service														
(in millions)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Interest</b>	\$0.220	\$0.176	\$0.209	\$0.184	\$0.092	\$0.075	\$0.056	\$0.039	\$0.021					
<b>Principal</b>	\$0.032	\$0.054	\$0.078	\$0.102	\$0.555	\$0.590	\$0.620	\$0.660	\$0.695					
<b>DSF Payback</b>										\$0.250	\$0.250	\$0.250	\$0.250	\$0.250
<b>New Debt Service</b>						\$0.069	\$0.138	\$0.151	\$0.216	\$0.305	\$0.365	\$0.493	\$0.593	\$0.621
<b>Total Debt Service</b>	\$0.252	\$0.230	\$0.287	\$0.286	\$0.647	\$0.734	\$0.814	\$0.850	\$0.932	\$0.555	\$0.615	\$0.743	\$0.843	\$0.871

**Interest and Principal** – Reflects the current payment schedule for remaining debt service on Auburn Hills (to conclude in 2015).

**DSF Payback** – Refers to the scheduled repayment to the Debt Service Fund.

**New Debt Service** – References the new debt service as a result of the projected Capital Improvement Plan.



# Pro-Forma: Explanation

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(in millions)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Golf Revenues</b>	\$4.058	\$4.208	\$4.341	\$4.136	\$4.204	\$4.288	\$4.374	\$4.466	\$4.555	\$4.645	\$4.738	\$4.832	\$4.929	\$5.027
<b>Operating Costs</b>	\$3.879	\$4.019	\$3.842	\$3.773	\$3.978	\$4.116	\$4.220	\$4.327	\$4.437	\$4.550	\$4.666	\$4.785	\$4.907	\$5.032
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<b>Net Margin</b>	(\$0.073)	(\$0.041)	\$0.212	\$0.077	(\$0.421)	(\$0.562)	(\$0.660)	(\$0.711)	(\$0.814)	(\$0.460)	(\$0.543)	(\$0.696)	(\$0.821)	(\$0.876)
<b>Ending Cash Balance</b>	\$0.356	\$0.239	\$0.427	\$0.504	\$0.083	(\$0.479)	(\$1.139)	(\$1.850)	(\$2.664)	(\$3.124)	(\$3.667)	(\$4.363)	(\$5.184)	(\$6.060)

**Net Margin** – Reflects the difference between Net Operating Margin and Total Debt Service.

**Ending Cash Balance** – Reflects the cumulative impact of the annual negative net margins and is typically used to cover expenses at the beginning of the following year.

# Pro-Forma: Term Explanation

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**Existing Long Term Debt** – Reflects the debt based on previously issued bonds. As of 2011, the only bonds outstanding are related to Auburn Hills debt. These bonds have a balance of \$3.12 million at year end 2010, and will be amortized to \$0 by 2015.

**New Long Term Debt** – Reflects anticipated bond sales to finance new CIP projects.

**Total DSF Balance** – This amount reflects the Golf Fund liability to the Debt Service Fund for previous principal amounts the Golf Fund was unable to make.

**CIP Expenditures** – A summation of the projects proposed by the Park Department staff as part of the development of the 2011-2020 CIP.

# Pro-Forma

(in millions)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Golf Revenues</b>	\$4.058	\$4.208	\$4.341	\$4.136	\$4.204	\$4.288	\$4.374	\$4.466	\$4.555	\$4.645	\$4.738	\$4.832	\$4.929	\$5.027
<b>Operating Costs</b>	\$3.879	\$4.019	\$3.842	\$3.773	\$3.978	\$4.116	\$4.220	\$4.327	\$4.437	\$4.550	\$4.666	\$4.785	\$4.907	\$5.032
<b>Net Operating Margin</b>	\$0.179	\$0.189	\$0.499	\$0.363	\$0.226	\$0.172	\$0.154	\$0.139	\$0.118	\$0.095	\$0.072	\$0.047	\$0.022	(\$0.005)
<b>Interest</b>	\$0.220	\$0.176	\$0.209	\$0.184	\$0.092	\$0.075	\$0.056	\$0.039	\$0.021	-	-	-	-	-
<b>Principal</b>	\$0.032	\$0.054	\$0.078	\$0.102	\$0.555	\$0.590	\$0.620	\$0.660	\$0.695	-	-	-	-	-
<b>DSF Payback</b>	-	-	-	-	-	-	-	-	-	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250
<b>New Debt Service</b>	-	-	-	-	-	\$0.069	\$0.138	\$0.151	\$0.216	\$0.305	\$0.365	\$0.493	\$0.593	\$0.621
<b>Total Debt Service</b>	\$0.252	\$0.230	\$0.287	\$0.286	\$0.647	\$0.734	\$0.814	\$0.850	\$0.932	\$0.555	\$0.615	\$0.743	\$0.843	\$0.871
<b>Net Margin</b>	(\$0.073)	(\$0.041)	\$0.212	\$0.077	(\$0.421)	(\$0.562)	(\$0.660)	(\$0.711)	(\$0.814)	(\$0.460)	(\$0.543)	(\$0.696)	(\$0.821)	(\$0.876)
<b>Ending Cash Balance</b>	\$0.356	\$0.239	\$0.427	\$0.504	\$0.083	(\$0.479)	(\$1.139)	(\$1.850)	(\$2.664)	(\$3.124)	(\$3.667)	(\$4.363)	(\$5.184)	(\$6.060)
<b>Existing Long Term Debt</b>	\$4.630	\$4.150	\$3.645	\$3.120	\$2.565	\$1.975	\$1.355	\$0.695	-	-	-	-	-	-
<b>New Long Term Debt</b>	-	-	-	-	-	\$0.501	\$0.955	\$0.957	\$1.322	\$1.808	\$2.021	\$2.680	\$3.098	\$2.709
<b>Total DSF Balance</b>	\$2.564	\$2.989	\$3.417	\$3.839	\$3.839	\$3.839	\$3.839	\$3.839	\$3.839	\$3.589	\$3.339	\$3.089	\$2.839	\$2.589
<b>Total Golf System Debt</b>	\$7.194	\$7.139	\$7.062	\$6.959	\$6.404	\$6.315	\$6.149	\$5.491	\$5.161	\$5.397	\$5.360	\$5.769	\$5.937	\$5.298
<b>CIP Expenditures</b>	-	-	-	-	-	\$1.010	\$0.080	\$0.130	\$0.900	\$0.500	\$0.450	\$1.580	-	\$1.630

# Policy Considerations

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**Questions?**

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